

Lear & Lear
LLP
LAW OFFICES

299 South Main, Suite 2200
Wells Fargo Center
Salt Lake City, Utah 84111
801-538-5000
Fax: 801-538-5001
www.learlaw.com

Dennis C. Farley 801-538-5010
dennis.farley@learlaw.com

February 14, 2007

Phillip Wm. Lear
Jon M. Lear
Dennis C. Farley
George G. Ventura
J. Matthew Snow
Kelly A. Williams
Stephanie Barber-Renteria
Michelle E. McConkie

Legal Assistants
Janice L. Brown, C.L.A., R.L.P.
Marlene Lewis, R.L.P.

Sent Via Federal Express

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

FEE RECEIVED

FEB 15 2007

**SURFACE
TRANSPORTATION BOARD**

FEB 15 2007

RE: **STB Finance Docket No. 34995**, Modoc Railway and Land Company LLC
- Acquisition and Operation Exemption - Lake County, Oregon

STB Finance Docket No. 34996, Modoc Northern Railroad Company
- Acquisition and Operation Exemption - Lake County, Oregon

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceedings are an original and 10 copies of:

1. Verified Notice of Acquisition and Operation Exemption of Modoc Railway and Land Company pursuant to 49 CFR § 1150.41; and
2. Verified Notice of Acquisition and Operation Exemption of Modoc Northern Railroad Company pursuant to 49 CFR § 1150.41.

Also enclosed are two checks in the amounts of \$1,500 each to cover the filing fees for these proceedings, and a 3.5 inch diskette containing the Notice and Summary for each exemption.

FILED

FEB 15 2007

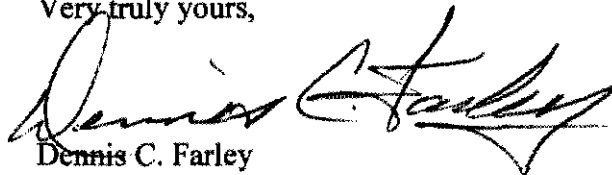
**SURFACE
TRANSPORTATION BOARD**

February 14, 2007

Page 2

Please acknowledge receipt of the enclosed materials by returning a stamped copy of this letter in the enclosed, self-addressed, stamped envelope.

Very truly yours,

A handwritten signature in black ink, appearing to read "Dennis C. Farley". The signature is fluid and cursive, with a large initial "D" and a stylized "F".

Dennis C. Farley

DCF:k

Enclosures

cc: W. Don Blansett

218638

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 34996

**MODOC NORTHERN RAILROAD COMPANY
—ACQUISITION AND OPERATION EXEMPTION—
LAKE COUNTY, OREGON**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 CFR 1150.41**



ENTERED
Office of Proceedings
FEB 15 2007
Part of
Public Record

FILED
FEB 15 2007
SURFACE
TRANSPORTATION BOARD

**Dennis C. Farley
Lear & Lear, L.L.P.
299 South Main, Suite 2200
Wells Fargo Center
Salt Lake City, Utah 84111
Telephone: (801) 538-5010
Fax: (801) 538-5001**

**Attorneys for
Modoc Northern
Railroad Company**

Dated: February 14, 2007

FEE RECEIVED

FEB 15 2007

**SURFACE
TRANSPORTATION BOARD**

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 34996

**MODOC NORTHERN RAILROAD COMPANY
—ACQUISITION AND OPERATION EXEMPTION—
LAKE COUNTY, OREGON**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 CFR 1150.41**

Modoc Northern Railroad Company, a Utah corporation ("MNRR"), a Class III rail carrier, files this Verified Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart E-Exempt Transactions Under 49 U.S.C. 10902, to permit MNRR to acquire by lease and operate a 55.41 mile rail line from Lake County, Oregon ("Lake County").

In support of this Notice of Exemption, MNRR submits the following information as required by 49 C.F.R § 1150.43:

- (a) Full name and address of applicant:

Modoc Northern Railroad Company
481 Modoc Avenue
Tulelake, CA 96134

(b) Applicant's Representative:

Dennis C. Farley
Lear & Lear, L.L.P.
299 South Main
Suite 2200 Wells Fargo Center
Salt Lake City, Utah 84111
(801) 538-5000

(c) Statement of Agreement:

MNRR has negotiated a lease agreement with Lake County for the acquisition of the rail line.

(d) The operator of the property:

MNRR will be the operator of the property.

(e) Summary of proposed transaction:

(1) The name and address of the railroad selling the subject property is:

Lake County, Oregon
513 Center Street
Lakeview, Oregon 97630

(2) MNRR's acquisition of the rail line is expected to be consummated on or shortly after March 1, 2007, or upon the effective date of this notice of exemption.

(3) The rail line being acquired from Lake County by MNRR is located between Milepost 456.89 in Alturas, California, and Milepost 512.3 in Lakeview, Oregon (the "Line"). ML&R owns and MNRR operates the adjacent rail line between Milepost 552.0 near Texum, Oregon, and Milepost 445.6 near McArthur, California, and the Lakeview Branch between Milepost 456.89 and Milepost 458.60 at Alturas, California. See STB Finance Docket No. 34768, *Modoc Northern Railroad Company – Acquisition and Operation* {00016661.1}

Exemption – Union Pacific Railroad Company, Served October 24, 2005.

(4) The length of the rail line being acquired is approximately 55.41 miles.

(f) A map of the rail line being acquired is attached as Exhibit A.

(g) MNRR hereby certifies that MNRR's projected revenues as a result of this transaction will not result in MNRR becoming a Class II or Class I rail carrier.

MNRR further certifies that its annual revenues as a result of this transaction will not exceed \$5 million. Accordingly, the notice requirements of 49 C.F.R. § 1150.42(e) do not apply to this transaction. MNRR's certification is attached as Exhibit B.

A caption summary, as required by 49 C.F.R. § 1150.44, is attached as Exhibit C.

ENVIRONMENTAL AND HISTORIC IMPACTS

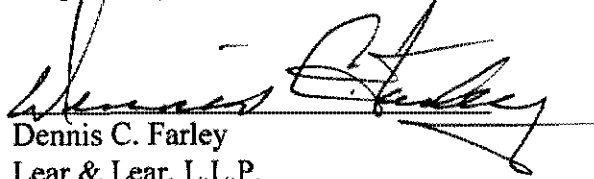
MNRR is acquiring the Line from Lake County for continued rail operations. Further Board approval is required for MNRR to abandon any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

MNRR's acquisition will not result in significant changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of this Line to motor carriage. This transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the Line; (2) an increase of rail yard activity of at least 100 percent; or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. MNRR's acquisition of the Line will

not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, the transportation of ozone depleting materials is not contemplated. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dennis C. Farley", is written over a horizontal line.

Dennis C. Farley
Lear & Lear, L.L.P.
299 South Main, Suite 2200
Wells Fargo Center
Salt Lake City, Utah 84111
Attorneys for Modoc Northern
Railroad Company

Dated: 2-14-07, 2007

VERIFICATION

State of Utah)
) ss.
County of Weber)

W. Don Blansett, being duly sworn, deposes and states that he is the President of the Modoc Northern Railroad Company, is authorized to make this verification, has read the foregoing Notice of Exemption and has personal knowledge that the facts asserted therein are true and accurate as stated to the best of his knowledge, information, and belief.

W. Don Blansett
W. Don Blansett

SUBSCRIBED AND SWORN TO before me this 14th day of February, 2007.



Kathy M. Grandinetti
Notary Public

My Commission expires: 2-6-09

EXHIBIT A
MAP OF LEASED PREMISES

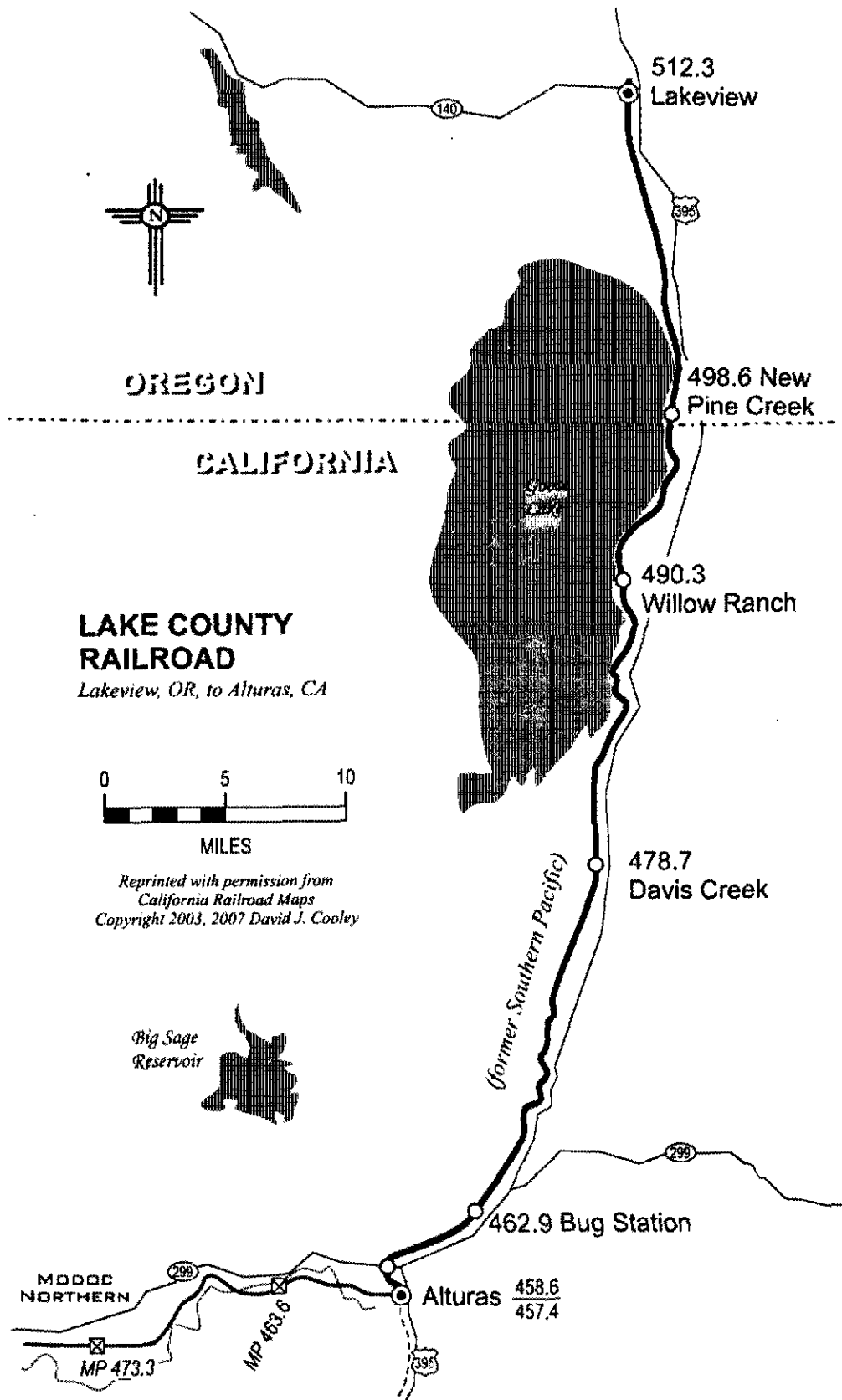



EXHIBIT B

CERTIFICATION


State of Utah)
) ss.
County of Weber)

W. Don Blansett, President of the Modoc Northern Railroad Company, being duly sworn, certifies that the projected revenues of Modoc Northern Railroad Company upon consummation of the proposed transaction will not result in creation of a Class I or Class II rail carrier.



W. Don Blansett

SUBSCRIBED AND SWORN TO before me this 14th day of February, 2007.



Notary Public

My Commission expires: 2 - 6 - 09

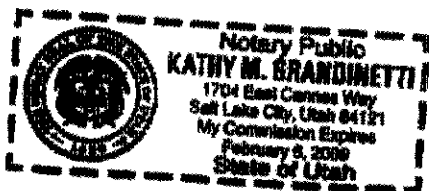


EXHIBIT C

CAPTION SUMMARY

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

STB FINANCE DOCKET NO. 34996

**MODOC NORTHERN RAILROAD COMPANY
—ACQUISITION AND OPERATION EXEMPTION—
LAKE COUNTY, OREGON**

Modoc Northern Railroad Company LLC, a Class III rail carrier, has filed a notice of exemption to acquire by lease from Lake County, an Oregon municipal entity and operate, the rail line located between Milepost 456.89 in Alturas, California, and Milepost 512.3 in Lakeview, Oregon.

Comments must be filed with the Board and served on Dennis C. Farley, Of Counsel, Lear & Lear, L.L.P., 299 South Main, Suite 2200, Wells Fargo Center, Salt Lake City, Utah 84111, Telephone: (801) 538-5010.

This notice is filed under 49 C.F.R. 1150.41. If the notice contains false or misleading information, the exemption is void ab initio. The filing of a petition to revoke will not automatically stay the transaction.

Vernon A. Williams
Secretary